



GO 156 Report

**Year 2010 Utility Procurement
of Goods, Services and Fuel
from**

Women-, Minority-, and Disabled Veteran-owned Business Enterprises



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GO 156 Report to the Legislature

CPUC's 25th Annual Diversity Procurement Report

- Details progress by utilities in procuring goods, services, and fuel from women-, minority-, and disabled veteran-owned business enterprises (WMDVBEs).
- 21.5% procurement from diverse suppliers.
 - The goals are 15 percent, 5 percent, and 1.5 percent for minority-owned, women-owned, and disabled veteran-owned businesses, respectively.

31 Utilities & Carriers Filed Annual Reports

1. Large utilities (11) are those with annual total procurement of over \$150 million.
2. Small utilities (20) are those with less than \$150 million in annual total procurement.





GO 156 Report – Overview of Procurement

Overall Picture

- Utility spending from diverse suppliers increased from \$4.3 billion in 2009 to \$5.2 billion in 2010.
- The goal of 21.5% procurement from diverse suppliers has been exceeded for the first time since the inception of this program. In 2010, the 31 participating companies reached a total of 23%.

Category	<u>2009</u> Diversity Procurement Amount	Percentage Achieved	<u>2010</u> Diversity Procurement Amount	Percentage Achieved	Goal
MBE	\$2.8 billion	11%	\$3.4 billion	15%	15%
WBE	\$1.3 billion	5.2%	\$1.6 billion	7.1%	5%
DVBE	\$0.132 billion	0.5%	\$0.2 billion	0.9%	1.5%
Total	\$4.3 billion	16.7%	\$5.2 billion	23%	21.5%



2010 Top Performers

Company	<u>2009</u> Diversity Procurement	Percentage Achieved	<u>2010</u> Diversity Procurement	Percentage Achieved
Verizon Wire-line	\$170 million	36.50%	\$123 million	41.30%
AT&T Wire-line	\$750 million	34.80%	\$949 million	40.05%
SoCalGas	\$202 million	34.50%	\$230 million	37.42%
SDG&E	\$238 million	29.10%	\$385 million	36.90%
PG&E	\$928 million	25.60%	\$1,134 million	32.68%
Edison	\$730 million	23.60%	\$1,104 million	27.10%
Cal-AM	\$7 million	8.50%	\$17 million	26.20%
Sprint Wireless	\$449 million	13.90%	\$341 million	15.60%

- **Not so top performers:** T-Mobile, AT&T wireless, Verizon wireless, and Comcast. Generally, the 11 large utilities are doing very well while the 20 smaller utilities have yet to fully incorporate supplier diversity in their overall supply chain.



Who met all three goals?

GO156 goal = 21.5% of total procurement from diverse suppliers

	15% Minority	5% Women	1.5% DVBE
AT&T Wire-line	27.56%	10.30%	2.19%
SoCalGas	23.68%	11.53%	2.21%
SDG&E	26.20%	7.65%	3.04%
PG&E	19.64%	11.35%	1.69%



GO 156 Report – Overview of Fuel Report

Total Utility WMDVBE Fuel Procurement for 2010:
\$522 million as compared to 2009, which was \$377 million.

Utility	2010 Total Procurement	2010 Diversity Procurement	Percentage Achieved	Goal
SDG&E	\$226 million	\$91 million	40.24%	21.5%
SoCalGas	\$2,175 million	\$285 million	13.11%	21.5%
PG&E	\$1,392 million	\$144 million	10.32%	21.5%
Edison	\$893 million	\$0.00 million	0.00%	21.5%



GO 156 – 2010 Improvements

Supplier Diversity Program

- In May 2010, the Commission unanimously adopted President Peevey's decision to further improve the GO156 program.
 - Reporting of new contracts awarded in a reporting period.
 - The intent is to expand on the spirit of GO156 and encourage participating companies to continue to empower new and diverse suppliers.
 - Separate reporting of electric procurement spending (i.e. renewable energy)
 - Similar to natural gas reporting the utilities are encouraged to help create new markets which in turn will lower their overall cost by increasing competition.
 - Reporting of technical assistance and capacity building funding and efforts
 - Periodic random audits of GO156 utility reports.
 - Endorsing a three-tier capacity building program. (see next page)





Capacity Building

Four Key Steps to Strengthening Capacity Building Programs

Joint Proposal Adopted by the Commission - AT&T, Verizon, Edison, Sempra, PG&E, CWA

- A three-tiered capacity building program with each track suited to a particular level of business development and utility needs.
 - Tier I – DBE businesses with less than 3 years experience and less than 1 million in revenues
 - Tier II – DBE businesses with more than 3 years experience and more than \$1 million in revenues
 - Tier III – DBE businesses with more than 5+ years experience – Dr. Osborne will unveil this program
- A prime supplier subcontracting program (utilities have each targeted development in “second tier” spend, mentoring)
 - “Second tier” generally refers to subcontractors participating in a larger or prime contract.
- Matchmaking events between prime contractors, small and diverse businesses, and utility managers.
- Strategic target initiatives (e.g., AT&T’s Women of Color and Sempra’s SCORE*)

* Smaller Contractors Realization Effort (SCORE)





GO 156 – Areas of Improvement

- There are areas where improvements can be made, specifically underutilized industries that are technical in nature, or groups with historically low penetration levels, e.g., DVBEs.
- We need to keep the spirit of GO156 in mind and work to ensure that opportunities for diverse suppliers are not limited to the low hanging fruit of blue collar work; that the consulting, financial services, legal services, and engineering work are also part of the participating companies' efforts to reach diverse suppliers.





GO 156 – Challenge

Join the Program - We challenge Comcast, Cox, and Time-Warner to join AT&T, Verizon, Sprint, Edison, PG&E, Sempra Energy, and many more who have benefited from procuring from diverse suppliers.



CPUC Procurement Diversity*

	<i>Fiscal Year</i>	<i>Fiscal Year</i>
	2009-10	2010-11
Small Business		
Goal: 25%	16.99% (\$21.01 M)	21.24% (\$11.36 M)
Disabled Veteran Business Enterprises		
Goal: 3%	2.31% (\$2.86 M)	01.47% (\$0.785 M)

* Proposition 209 prohibits preferential treatment of any individual or group in public contracting on the basis of race, sex, color, ethnicity, or national origin.





Thank You

